

**Statement of Senator Herb Kohl**  
**Aging Committee Hearing on “The Economics of Retirement”**  
**March 15, 2005**

Thank you, Mr. Chairman, and thank you, Chairman Greenspan, for your appearance here today.

Chairman Greenspan, back in the 1980s you served as chairman of a commission to strengthen Social Security, at a time when Social Security could only pay full benefits through the middle of 1983. That was a real crisis. This is not the case today. Social Security can pay full benefits for another 40 or 50 years. After that – even if nothing is done – Social Security could still pay 70 to 80 percent of its promised benefits. So what we’re dealing with here is nothing close to a complete bankruptcy of the program.

Of course, I do not believe we should do nothing. But it’s clear that for those who are truly interested in strengthening Social Security – and not dismantling it or replacing it with something very different – the problem can be fixed through relatively modest adjustments.

Instead, the President has proposed changing Social Security to a new, untested, expensive system of private accounts. Mr. Chairman, as you have said, private accounts would do nothing to improve Social Security’s financial condition. And they would not meet your goal – which I share – to increase national saving. On the contrary, they would add up to \$5 trillion to our debt. So you can see why many of us are skeptical. If we truly want to increase national saving, our priority should be reducing the budget deficit – which you have said is the best way to increase national saving.

And that is what bothers me most about this debate – it sidetracks us from the central issue we should be discussing: that our country faces growing budget deficits that will take its toll not just on our ability to sustain Social Security, but also other important programs like Medicare. Medicare, like Social Security, faces a future in which more and more seniors will be eligible for the program – with fewer and fewer workers paying taxes to support them.

But unlike Social Security, the dollar value of Medicare benefits is not set by a predictable formula; it is dependent instead on the skyrocketing cost of health care. Every estimate shows Medicare’s share of the federal budget

increasing at a greater rate than Social Security's. The President has focused only on Social Security, but I know you agree we need to think about all of the programs that will put a strain on the budget in the coming years.

It's clear that the biggest problem is not Social Security. In fact, GAO estimates that Social Security accounts for less than 10 percent of the government's future liabilities. If we are serious about dealing with all of our fiscal challenges, then we should spend our time and effort looking at the entire federal budget. And that includes the budget and tax policies that this Administration has chosen.

The President talks about fiscal restraint; however, CBO estimates that the Administration's budget policies would increase the budget deficit by \$1.6 trillion over the next 10 years. The cost of making the tax cuts permanent would be \$11 trillion over 75 years – 3 times the cost of fixing Social Security. And the cost of repealing the estate tax entirely would be almost 25 percent of the cost of fixing Social Security. What we really face here are choices – and supporters of private accounts and tax cuts have made their choice. It reveals that they are not really serious about dealing with our budget deficit or increasing national saving. And it seriously calls into question whether they are interested in strengthening Social Security.

But we can choose differently. The American people expect us to have a serious debate and come together to solve the challenges we face in Social Security. Unfortunately, the debate today has become so polarized that partisan sniping and deadlock are the most likely outcomes. That is unacceptable. Americans expect a more serious effort when it comes to a program as important as Social Security. In 1983, people from both sides were able to come together to strengthen Social Security for another 75 years. But this model has not been followed by the President – he has not bothered to consult with Democrats, nor has he formed a truly bipartisan commission, which is what the American people want and deserve.

Everyone knows that you can't achieve lasting change to this highly popular program – or tackle the tough fiscal issues we face across the board – without broad bipartisan support and participation. Therefore, the goal should be real bipartisanship – not just picking off a couple of Democrats as bipartisan window dressing. Only then will we be able to strengthen Social Security, which has protected millions from poverty and provided a sense of security to all Americans.

